



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 28, 2000

William Bown
Utah Building Stone Supply
842 West 400 North
West Bountiful, Utah 84087

Re: Formal Approval of Mining and Reclamation Plan and Form and Amount of Reclamation Surety,
Utah Building Stone Supply, Dove Creek Quarry, M/003/016, Box Elder County, Utah

Dear Mr. Bown:

On July 28, 2000, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Utah Building Stone Supply's Dove Creek Quarry. A \$27,500 Letter of Credit # [redacted] issued by Barnes Banking Company in favor of the Division and the U.S. Forest Service and a Reclamation Contract have been provided for this mining project.

The Division hereby grants its final approval of this project and the reclamation surety. You may commence with mining operations as outlined in your mining and reclamation plan at your convenience, provided you have received written acceptance from the U.S. Forest Service.

Enclosed for your files, are copies of the fully signed and executed Reclamation Contract which is tied to the \$27,500 LOC for reclamation surety. Thank you for your help and patience in finalizing this permitting action. If you have any questions in this regard, please contact me or Lynn Kunzler (801) 538-5286 and 538-5310 respectively.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

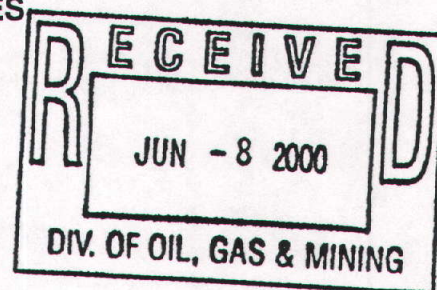
jb

Enclosure - copy of MR-RC and LOC

cc: Carmela Romero, USFS, Burley RD w/encl
M03-16-apv-ltr

File Number M/003/016
Effective Date July 28, 2000
Other Agency File Number USFS

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	<u>M/003/016</u> <u>Quartzite</u>
"MINE LOCATION": (Name of Mine) (Description)	<u>Dove Creek</u> <u>17 miles west of Park Valley Utah</u> <u> </u> <u> </u>
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	<u>19.7</u> <u>(refer to Attachment "A")</u>
"OPERATOR": (Company or Name) (Address)	<u>Utah Building Stone Supply</u> <u>842 West 400 North</u> <u>West Bountiful, Utah 84087</u> <u> </u>
(Phone)	<u>(801) 295-0601</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

William Bown

(Address)

842 West 400 North

West Bountiful, Utah 84087

(Phone)

(801) 295-0601

"OPERATOR'S OFFICER(S)":

William Bown, Owner

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Barnes Banking Company

"SURETY AMOUNT":

(Escalated Dollars)

\$27,500

"ESCALATION YEAR":

2004

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Utah Building Stone Supply the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/003/016 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 28, 1998, and the original Reclamation Plan dated April 28, 1998. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Utah Building Stone Supply

Operator Name

By William L. Bown

Authorized Officer (Typed or Printed)

Owner

Authorized Officer - Position

William L. Bown

Officer's Signature

6-8-2000

Date

STATE OF Utah)

) ss:

COUNTY OF Salt Lake)

On the 8th day of June, 20 00, personally appeared before me William L. Bown who being by me duly sworn did say that he/she, the said William L. Bown is the Owner of Utah Building Stone Supply and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said William L. Bown duly acknowledged to me that said company executed the same.



Victoria A. Bailey
Notary Public

Residing at: SALT LAKE CITY

February 29, 2004

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

7/28/00
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 28th day of July, 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

Utah Building Stone Supply
Operator

Dove Creek
Mine Name

M/003/016
Permit Number

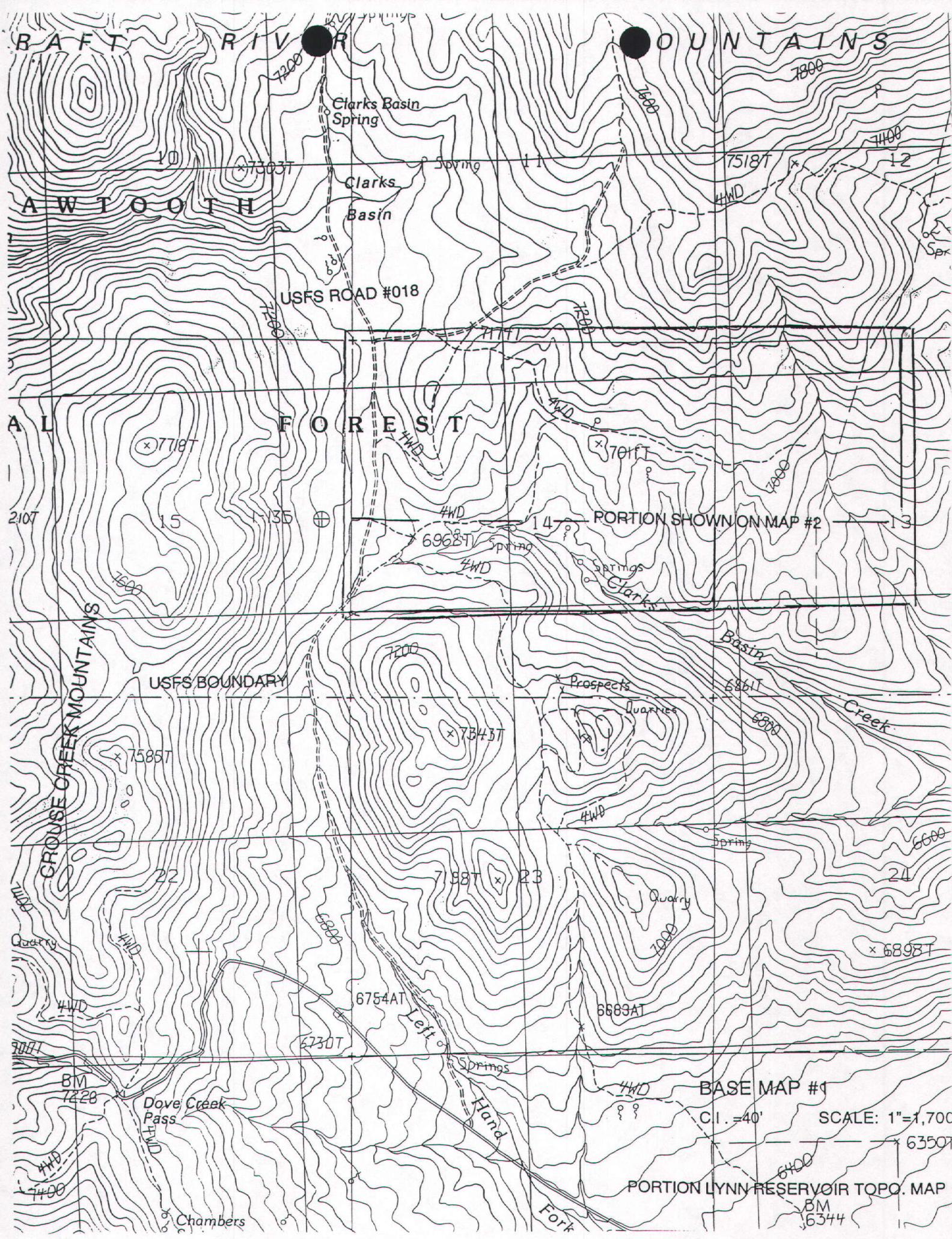
Box Elder County, Utah

The legal description of lands to be disturbed is:

NW1/4, Section 13
and
N1/2 and N1/2 of the S1/2
of
Section 14

Township 13 North, Range 16 West

SLBM, Box Elder County, Utah



AFTON RIVER MOUNTAINS

AFTON RIVER

AFTON RIVER

CROUSE CREEK MOUNTAINS

USFS BOUNDARY

USFS ROAD #018

PORTION SHOWN ON MAP #2

BASE MAP #1

C.I. = 40' SCALE: 1"=1,700'

PORTION LYNN RESERVOIR TOPO. MAP

BM 6344



Barnes Banking Co.

Since 1891

M/003/016

Letter of Credit No. _____

Expiration Date: June 7, 2001

Dated: June 7, 2000

APPLICANT:

Utah Building Stone Supply
William L. Bown and Tristina Bown
842 West 400 North
West Bountiful, Utah 84010

BENEFICIARIES:

Utah Division of Oil, Gas and Mining	and	U.S. Forest Service - Sawtooth National Forest
1594 West North Temple, Suite 1210		3650 South Overland Avenue
Box 145801		Burley, ID 83318
Salt Lake City, Utah 84114-5801		

Gentlemen and Ladies:

1. Barnes Banking Company ("Bank"), of Kaysville, Utah, hereby establishes this Irrevocable Letter of Credit (the "Letter of Credit") for the account of Utah Building Stone Supply, in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the USDA Forest Service Sawtooth National Forest [Cooperative Agency] (collectively, the "Beneficiaries") for an aggregate amount not to exceed Twenty Seven Thousand Five Hundred and 00/100th (\$27,500.00) in United States dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on June 7, 2001 or (b) the date upon which sufficient documents are executed by the Division to release Utah Building Stone Supply ("Operator") from further liability for reclamation of the Dove Creek Quarry, M/003/016 [mine permit #] with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit delivered to the office of the Bank, 33 South Main Street, Kaysville, Utah 84037. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

RECEIVED

JUN 15 2000

A history of strength, a future of security

**DIVISION OF
OIL, GAS AND MINING**

5. If the Bank receives the Division sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any action filed alleging the insolvency or bankruptcy of the Bank.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Barnes Banking Company, 33 South Main Street, Kaysville, Utah 84037, referencing Letter of Credit No. .

Very truly yours,

BARNES BANKING COMPANY

By: 

Lamont D. Tingey

Senior Vice President and Senior Credit Officer

RECEIVED

JUN 15 2000

DIVISION OF
OIL, GAS AND MINING